

K LINER

K LINER is published 10 times a year by K mart Corporation, 3100 W. Big Beaver Rd., Troy, MI 48064 in the office of Harold E. Wilcox, Senior Vice President, Personnel and Management Development. Circulation 143,693 Copyright 1983. Editor: Virginia Burns. Assistant Editor: Michelle DeLand. Member: International Association of Business Communicators (IABC).

News in Brief

K mart Corporation reported an estimated 16.3% increase in sales for the four-week period ended August 24.

It was the strongest monthly sales gain—compared with the corresponding month of the previous year—since January 1982.

K mart Chairman Bernard M. Fauber attributed the sales strength largely to brisk movement of back-to-school goods. "School supplies and fall clothing sold well," he says.

"And our customers began buying back-to-school merchandise earlier this year than last—another sign that consumer confidence is gaining momentum."

Consolidated sales of K mart Corporation, the world's second-largest nonfood retailer in sales volume, were approximately \$1,380,873,000, compared with \$1,187,723,000 for August 1982. Sales for the year to date were up 11.8% over the comparable period last year. Volume for the first 30 weeks of 1983 was \$9,995,593,000, versus \$8,941,060,000 for the same period in 1982.

Comparable-store sales—those from K mart stores open at least one year—increased by 14.6% during this four-week period over last August.

August results were generated largely by the 2,136 K mart discount department stores operating on August 24, 1983, compared with 2,089 on August 25, 1982. Other components of the sales performance included Designer Depot, Kresge and Jupiter stores and Furr's Cafeterias, Inc.

"Based on our August results, we are optimistic about sales comparisons for the rest of the year," Fauber says.

K mart Corporation posted sales of \$16.8 billion in 1982. K mart stock is traded on the New York and Pacific Coast Stock Exchange (trading symbol KMI).

On September 20, 1983 K mart will launch a four-week campaign in its 2,000 U.S. K mart stores for customers who favor enforcement of a current federal law that bars manufacturers from setting retail prices.

K mart's campaign opposes the stand taken by U.S. Assistant Attorney General William Baxter and Federal Trade Commission Chairman James Miller, who believe manufacturers should be allowed to set retail prices in most circumstances.

Up to 3,000 cards expressing concern that current laws are not being enforced are available for customer signatures at displays in each U.S. K mart store. The cards also call for Congressional action to uphold laws banning resale price maintenance and price fixing. K mart Corporation has pledged to send the cards to the appropriate U.S. representatives.

"Resale price maintenance is an attempt to keep retail prices higher," says K mart Chairman Bernard M. Fauber. "K mart believes price competition serves customers by providing more affordable goods and by spurring innovative products and distribution techniques."

Fauber adds, "This is the first time K mart Corporation has gone to its customers on a consumer issue. K mart has more customers than any other general-merchandise retailer in the U.S., and it is important that they know their right to buy brand-name merchandise is being threatened."

Through this and other efforts, K mart Corporation joins the Association of General Merchandise Chains and other discounters to support the right of consumers to shop for discount prices.

K mart has reached an agreement in principle to acquire all shares of common stock of Bishop Buffets, Inc., by an exchange of K mart common stock. Chairman Bernard M. Fauber announced on September 19, 1983.

Based on the current market price of K mart common stock, the aggregate purchase price would be approximately \$27.2 million.

Bishop Buffets, Inc., a privately held company based in Cedar Rapids, Iowa, operates 31 cafeterias in the midwestern U.S.

The agreement is subject to completion of details of a definitive agreement, and approval of the directors of the respective companies and shareholders of Bishop Buffets, Inc., as well as any required governmental approvals.

K mart has made a major commitment to the U.S. Olympic team and to the 1984 Winter and Summer Games with a program entitled, "Go for the Gold."

For the first time, K mart will be the exclusive retail sponsor of ABC's telecast of the Winter Games in Sarajevo, Yugoslavia, next February and also will co-sponsor the ABC telecast of the 1984 Summer Games in Los Angeles.

K mart has also announced that a nationwide fund-raising effort will begin early this month in all K mart stores. All donations obtained through this program called "Give for the Gold" is a variation on the overall theme will go directly to the U.S. Olympic Committee to help support the U.S. Olympic team.

In addition to the public fund-raising effort, a national consumer sweepstakes program has been developed to tie in with the Olympics, offering grand prize winners all-expense-paid trips to the Winter Games. Other prizes include Texas Instruments home computers, Uniroyal Olympian tires and Kodak Disc 4000 cameras.

The sweepstakes program will debut October 19 with 69 million newspaper raffle inserts. Also, in October, Time, Sports Illustrated and People magazines will carry 24-page K mart Olympics booklets featuring eight pages of editorial copy about Olympic athletes, coaches and events.

According to K mart Board Chairman Bernard Fauber, the advertising portion of the campaign will focus on the nationally recognized brandname merchandise available in K mart stores.

"While this is an excellent promotional opportunity for our corporation, our primary goal is to support the United States Olympic team," says Fauber. "We are proud to help the young men and women who are such a major source of pride for America." He added that this multi-faceted campaign marks K mart's first participation in an Olympics promotion.

Store Openings

Region	Tentative Opening
C 7563—Perryburg, OH	October 27
E 7554—Howell, NJ	October 6
S 7536—Deerfield Beach, FL	October 27
S 7566—Arecibo, PR	October 20
S 7570—Bayamon, PR	October 20
S 9320—Seneca, SC	October 27
S 9785—Bayamon, PR	October 20
W 7587—Fontana, CA	October 20
W 9225—Vernal, UT	October 20
W 9792—Laramie, WY	October 27

Acres of merchandise that move along mini-highways

In 1978, the K liner termed these centers as merchandise highways, conveyor systems built to carry freight that can travel up to 3/4 of a mile before it reaches the loading dock as it merges and exits, diverting onto its appropriate dock.

For 33 years, long before the first K mart store opened in 1962, K mart has stocked the stores through a distribution center. Then it was a simple operation of pick and pack, which meant that items were picked from the shelf at the center, packed and shipped to the store. Fort Wayne Distribution Center was the first DC to open in 1950 and command the post of stocking all 200 plus Kresge stores.

We've come a long way since then, built larger and more stores and consequently the need arose for additional centers with more efficient systems.

We talked with Paul Bogue, Senior Director of Distribution and Transportation, on what a DC actually does, its recent changes or developments. Including the reconstruction of the Morrisville Distribution Center, whose accidental fire precipitated the need for sectioning off hazardous, combustible merchandise and storing them on shelving with built-in sprinkler systems. We also traveled to Canton Distribution Center, a mid-size DC, 1.2 million square feet and about eight years young and got a hands-on look at a distribution operation.

A distribution center is a facility for ordering, receiving, storing and shipping merchandise to various locations. K mart's centers are set up to supply the stores with needed basic items that can be bought in large quantities. These quantities are usually sent to the center by full truck loads, some by railcar and then reshipped one case or more at a time to the store(s) in that center's geographic location.

Currently, there are nine operating general merchandise inland distribution centers (four more were added since 1978). The locations of these DC's are strategically chosen for the geographic area they will serve and as stores open within a given area, a new DC is built to accommodate them. Generally, a DC will service 250 stores.